

BILL SUMMARY
1st Session of the 52nd Legislature

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| Bill No.: | SB 314 |
| Version: | Engrossed |
| Author: | Rep. Terrill & Sen. Branan |
| Date: | March 16, 2009 |
| Impact: | Ad Valorem Tax Collections |
| | FY11: \$80,000 - \$90,000 Decrease |

Bill Summary

Fiscal Summary

Fiscal Analyst: Diane Thomas

ESB 314 includes provisions as follows:

- Section 1 creates a video service provider subclass within public service corporations consisting of any public service corporation offering video programming services; and
- Section 2 provides:
 - Services providers file (with the State Board of Equalization (BOE) a statement of total gross receipts for the preceding calendar year which sets out the total gross receipts derived from video programming services;
 - The BOE determines the percentage of gross receipts from video programming and that percentage is applied to the taxable fair cash value allocated to Oklahoma;
 - The resulting fair cash value attributable to video programming services shall be assessed utilizing the statewide average of the assessment ratios applied to assets of cable television companies; and
 - Unless otherwise demonstrated, the statewide average assessment ratio will be 12%.

Fiscal Analysis

Currently, the real and personal property of cable companies which provide television cable services are assessed locally by the county assessor. Traditional telephone companies are centrally assessed by BOE based upon appraisals prepared by the Tax Commission.

County assessment levels vary throughout the state. Locally assessed real property is assessed at rates between 11% to 13.5% and personal property is assessed at rates between 10% to 15%. Public service properties appraised by BOE are assessed at 22.85%.

As a result of federal legislation and advancement in technology, both cable companies and traditional telephone companies have expanded their services. Most cable companies now offer telephone services as well as cable programming. Traditional telephone companies have

initiated video programming services in competition with cable companies. Both industry groups offer these services in “bundles” of varying combinations.

This measure impacts any centrally valued properties classified as telecommunications companies which offer cable/video services. Most companies offering telecommunications services currently offer some form of video programming, contract for such services, or are in the process of providing such service. However, a 2009 survey of telecommunications companies, except for one, reported such as a contracted service through another business entity. Therefore, only one company will currently be affected resulting in a loss of revenue to local jurisdictions of \$80,000 to \$90,000 in FY11.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director